was due to better receipts realised from the assessment of business concerns. Larger sales of salt and the larger demand for our timber and *ascu*-treated teak poles account for the improvement under Salt and Forests.

6. The net result of these variations in revenue and expenditure was a small revenue deficit of Rs 0·57 of a lakh against the surplus of Rs 2·68 lakhs anticipated.

Revised Estimates—1116.

7. This takes me on to the revised estimates for the current year. The budget for the year estimated for a revenue of Rs 285·40 lakhs and a revenue expenditure of Rs 276·73 lakhs leaving a margin of Rs 8·67 lakhs. On the basis of the actuals so far available, the revenue is expected to stand at Rs 273·09 lakhs and the revenue expenditure at Rs 267·61 lakhs. The year is thus expected to close with a net surplus of Rs 5·48 lakhs as against the anticipated surplus of Rs 8·67 lakhs. This is the combined effect of a diminution of Rs 12·31 lakhs in revenue set off by a reduction of Rs 9·12 lakhs in expenditure. The details of the variations under each head are explained in the Memorandum placed on the table along with the Budget Estimates for the ensuing year. I shall therefore make only a passing mention of the more outstanding variations.

8. The fall in revenue is mostly under Customs, Excise, Land Revenue and Stamps. The fall in the Customs revenue is, as the House is well aware, the inevitable consequence of the present war situation. Under Excise, the figures under Jaffna tobacco have not come up to the point reached last year, which accounts for the fall in Excise Revenue. The fall in Land Revenue is due to the maximum expected on account of the completion of the Survey of Minor Circuits having not been attained. Mention should also be made of the fact that the credit for a receipt of nearly Rs. 2·50 lakhs which we expected under Excise Duty on Matches has, due to the change in the accounting procedure adopted by the Government of India, been postponed to the next year. The improvement which the figures show under the commercial services is only apparent and is set off by a corresponding deterioration under interest. This is due to another accounting change designed mainly to present only the cash transactions of the commercial concerns in the budget. Details of the changes will be found described in the Budget Memorandum placed on the table. Out of the anticipated profit of Rs 2·14 lakhs on account of coinage, we expect to realise only Rs 0·14 of a lakh as the silver coins would be minted and put into circulation only next year This fall in revenue has been partly set off by the increase under certain other heads such as Salt and Forests.

9. On the expenditure side, the budget forecast is expected to be exceeded under Sinking Funds on account of the additional provision

LIBRARY ARCHIVES Kerala Legislative Assembly

[Mr. R. Rama Varier.]

made for the amortisation of special loans, as also under Superannuation allowances and Stationery and Printing. The increase in expenditure under these items is expected to be more than counterbalanced by the anticipated savings under Administration of Justice, Police, Public Works, Army and Political Expenditure.

10. The set-back which our Customs revenue has sustained on account of the war is now too well-known to call for any special comment. In fact it was at one time thought that the position might even prove still worse. With a view to combating such a difficulty and at the same time preserving the equilibrium between the receipts and the expenditure, the progress of receipts and expenditure was carefully analysed and steps were taken to effect all possible economies in expenditure and to enhance and conserve the revenue. The imposition of a duty on the export of cardamom and palmyra fibre and the revision of the tariff rates on fish and lemongrass oil were the more important measures devised for the conservation of revenue. Although these by themselves were not expected to contribute any very substantial amount to the revenue of the State, they certainly had the effect of easing the situation to some extent and rendering the levy of the excess profits tax contemplated unnecessary. I may in this connection inform the House that these fiscal measures were adopted, because they do not really tend to increase the burden of taxation on the poorer or middle classes, but only on the well-to-do classes who could afford to meet this small incidence of additional taxation rendered necessary by abnormal conditions.

11. The State Railway which has for some time past been working at a loss has this year yielded a net return of Rs 1·4 lakhs. On the basis of this, a sum of Rs 1·5 lakhs has been included as railway receipts in the next year's budget.

12. On the expenditure side, stringent instructions have been issued to all the departments of Government for cutting down expenditure to the barest minimum. A maximum limit on travelling allowance for all officers was imposed and severe restrictions were placed in the matter of grant of leave, employment of substitutes and creation of temporary posts.

13. It has been thus found possible to still balance the budget and to show not an insignificant revenue surplus. Viewing the position as a whole and taking into account the fact that the anticipated credits under gain on coinage and Excise Duty on Matches have had to be postponed to the next year, the budget anticipation for the current year cannot be considered to be far short of the mark.

14. The House may be interested to be told that in the midst of the frowns of war abroad and economic distress nearer home and with the increasing possibilities of a shrinkage in revenue, the Government were not slow to consider proposals and measures for the amelioration of

LIBRARY ARCHIVES Kerala Legislative Assembly

the people. This year saw the inauguration of the Legislation calculated to relieve indebtedness. Relief works were started in Alleppey and the neighbouring places to combat unemployment and about half of the amount at the credit of the Distress Relief Fund was utilised in this direction. Thanks to your strenuous efforts, Sir, a market has been found for our cocoanut products. Reinforced with our own efforts it is not unlikely that many of our commodities as well as industrial products would find a welcome in other parts of India. Much impetus has been given to industrial activities and the prospecting of our mineral resources was conducted successfully with a view to starting a cement industry. Signs are also not wanting of the development of other industries through the Technological Department and other departments of the State. Nor have we been slack in our humble contributions this year also in aid of the success of the Allies in the fight for freedom and liberty. Two Spitfires at a cost of Rs 1·50 lakhs have been purchased and supplied by the Government this year for the use of the Allied Forces. More than all, the House will certainly be proud that in the zeal to stand shoulder to shoulder with the mighty Empire of which we are all members, we are in no way inferior to anyone. We have already supplied fighting forces to the Allies in the hape of our First and Second Infantry which have recently moved for war service.

15. Under capital expenditure, against a provision of Rs 55·47 lakhs, only an outlay of Rs 41·13 lakhs is anticipated as a result of the difficulty in obtaining materials from outside on account of the war. Even if things could be so obtained, the cost was so prohibitive that the purchases had to be postponed. This expenditure is also expected to be reduced further by Rs 6·61 lakhs as a portion of the outlay on the Water Supply Schemes at Alleppey and Shencottah has, according to the terms of the agreement with the Alleppey and Shencottah municipalities, to be treated as loans.

16. The Debt and Deposit head disbursements are expected to exceed the receipts by Rs 36·02 lakhs. The excess is mainly due to the policy followed by Government in keeping their idle money invested in short-term deposits. At the close of the year the amount so placed on short-term deposits is expected to amount to Rs 30·54 lakhs and this accounts for the anticipated excess of disbursements over receipts in the Debt section. Against a net addition of Rs 20 lakhs anticipated under Savings Bank deposits the increase now anticipated is only Rs 15 lakhs. Short-term deposits, and other cash investments of the year amounted to Rs 35·63 lakhs. The cumulative effect of these investments was a closing cash balance of Rs 44·28 lakhs. This is a balance which is sufficient to run the administration. It will be further reinforced at the beginning of the next year with the proceeds of the maturing investments to the extent of Rs 30·54 lakhs thus raising the cash balance to Rs 74·82 lakhs.

LIBRARY ARCHIVES Kerala Legislative Assembly